



Federal Home Loan Bank  
NEW YORK

# COVID-19 SMALL BUSINESS RECOVERY GRANT PROGRAM GUIDELINES

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**TABLE OF CONTENTS**

**Introduction..... 2**

**Funding Allocation ..... 2**

**Member Participation..... 3**

**Batch Request and Funding Processes..... 3**

**Eligible Recipients and Uses of Funds ..... 5**

    Eligible Recipients.....5

    Uses of Funds .....6

**Program Documents ..... 7**

**Withdrawals and Recovery of Funds..... 7**

**Tax and Other Government Reporting ..... 8**

**Document Retention Requirements ..... 8**

## Introduction

The Federal Home Loan Bank of New York (“FHLBNY”) is offering the COVID-19 Small Business Recovery Grant program consisting of \$3 million in funding available to provide flexible funds to benefit the employees of FHLBNY Members’ small-business and non-profit customers. The total program funding to date is \$11.188+ million.

This program is intended to support the financial security and health of workers employed by organizations that have suffered a decrease in revenue as a result of the ongoing COVID-19 crisis. Eligible recipients will receive a grant of up to \$10,000 each. The program will be administered and marketed by the participating Members of the FHLBNY. The FHLBNY encourages participating Members to identify those customers who may be at most risk of being unable to meet their obligations to their employees due to loss of revenue or unanticipated and extraordinary expenses, and who are least likely to have access to other sources of emergency funds during this crisis.

The programs must be administered in accordance with these Program Guidelines. The Member is solely responsible for collecting, verifying and retaining the documentation that supports the eligibility of the applicants and compliance with the Program Guidelines. The Member is not required to submit supporting documentation to the FHLBNY.

**Prior to participation in the program by a Member, the Member must submit the COVID-19 Small Business Recovery Grant Member Acknowledgement Form, executed by a senior officer of the Member, agreeing to comply with the requirements in these Program Guidelines.**

The program will be available until the funds are exhausted or October 31, 2021, whichever is earlier, unless otherwise modified.

## Funding Allocation

The COVID-19 Small Business Recovery Grant (“SBRG”) is a voluntary program of the FHLBNY, funded with a new round of \$3 million. From this amount, \$1,500,000 will be reserved for recipients in New York, \$1,050,000 for recipients in New Jersey, and \$450,000 for recipients in Puerto Rico and the U.S. Virgin Islands.

Within each of these geographic areas, the process for requesting grant funds ensures that at least ten percent of program funds will be directed to non-profit organizations and/or entities located on federally - or state-recognized tribal land (small businesses or non-profits). With respect to the minimum ten percent set-aside allocation; 1) a Member may disburse a maximum of \$315,000 to small businesses not on tribal land, meaning that to utilize the full Member limit, the Member must direct at least \$35,000 towards non-profits and/or entities on tribal land; and 2) if program funds are depleted to the extent that ten percent of the original allocation in a given geographic area has yet to be awarded to non-profits/tribal entities, further requests for funds must be used to meet the overall program minimum requirement.

In the event that SBRG funding demand exceeds the amount of available SBRG program funds, a waiting list will be created and Members shall be added to the waiting list based on the order in which their request was received. In its sole discretion and subject to fund availability, the FHLBNY may allocate SBRG program

funds to Members on the waiting list and may use prior round waiting lists to allocate new round funds. The FHLBNY shall notify Members on the waiting list with updates on the availability of additional SBRG program funds, round closure and new rounds, among other information.

## Member Participation

Participation in the program is available to Members located in New York, New Jersey, Puerto Rico, and the U.S. Virgin Islands.

Participating Members may disburse up to \$350,000 in SBRG funds from their total program allocation for the 2020 and 2021 program rounds. The Member cap has been raised by \$100,000 to a new Member cap of \$350,000. The individual Member limit per round remains at \$100,000. Members with existing allocations in place from previous rounds must utilize proceeds from that allotment (e.g. if a Member was eligible for a new total of \$350,000 and utilized \$125,000 in previous rounds, their remaining utilization would be \$225,000 going forward, up to \$100,000 per round. Members that have received and fully utilized their \$350,000 program allocation and are still in need of additional funding may submit a request to [DisasterRecovery@fhlbny.com](mailto:DisasterRecovery@fhlbny.com). Those requests will be considered on a case-by-case basis, subject to the FHLBNY's discretion, based on a variety of factors, including, but not limited, to overall program fund availability.

Prior to submission of applications by a Member, the Member must apply to participate in the program by submitting the COVID-19 Small Business Recovery Grant Member Acknowledgement Form ("Member Acknowledgement"), executed by a senior officer of the Member, agreeing to comply with the requirements in these Program Guidelines. The Member Acknowledgement must identify those specific personnel at the Member who are authorized to submit applications for the programs. Further, the Member may opt to be included in a list of participating Members on the FHLBNY website.

All grant funds must be passed through to eligible recipients; no funds may be retained by the Member to be used for fees or compensation.

## Batch Request and Funding Processes

The process for the SBRG is designed to ensure rapid deployment of funds to eligible recipients, while also allowing participating Members the time to make sound, thoroughly documented decisions about their use of program funds.

Prior to the launch of the SBRG, the FHLBNY will make available to its membership the COVID-19 Small Business Recovery Grant Member Acknowledgement form and these guidelines. Members interested in deploying funds through the program are advised to complete and sign the Member Acknowledgement form urgently so they will be eligible to participate when the program launches.

On the date of the program launch, at a time to be specified on the FHLBNY website, authorized individuals from participating Members may request, in writing via e-mail to [DisasterRecovery@fhlbny.com](mailto:DisasterRecovery@fhlbny.com), a batch of program funds.

Batches can be for any dollar amount up to and including \$100,000, and they will be issued to Members on a first-come/first-served basis. For a given batch, a Member must designate which state/territory and which type of recipients will be targeted with a specified dollar amount. (Example: \$50,000 for small businesses in New Jersey, \$20,000 for small businesses in New York, and \$30,000 for non-profits and/or entities located on tribal land in New York.) Members will be notified via email when their batches are issued and recorded in the FHLB NY system. The box below provides a template for Members to use when requesting a batch of funds by email.

Subject: COVID-19 SBRG Batch Request – *Member Name*

I, (*enter name*), an authorized representative of (*Member Name*), am submitting the below request for a batch of funds under the COVID-19 Small Business Recovery Grant program. I understand that this request will be reviewed on a first-come/first-served basis, using the time stamp of this email, and the request may be modified or denied depending on availability.

New Jersey  
 Small businesses: (*dollars requested*)  
 Non-profits and/or entities on tribal land: (*dollars requested*)

New York  
 Small businesses: (*dollars requested*)  
 Non-profits and/or entities on tribal land: (*dollars requested*)

Puerto Rico/U.S. Virgin Islands  
 Small businesses: (*dollars requested*)  
 Non-profits and/or entities on tribal land: (*dollars requested*)

Funds up to but not exceeding the approved amounts and designations will be included in one or more *COVID-19 SBRG Application and Funding Request Forms (DRP-104)* within 30 calendar days of the batch approval. I understand that remaining unused funds after this time will be released and made available to other participating Members.

Upon the issuance of a batch of funds, that dollar amount, with the above specifications, is held in reserve for the particular Member’s use for 30 days and will not be issued to another Member. During that 30-day period, the Member must identify eligible recipients, collect and validate all required documentation for each recipient, and complete and submit one or more signed SBRG Application and Funding Request Forms (“Funding Request” or “A-FRF”) via e-mail to [DisasterRecovery@fhlbny.com](mailto:DisasterRecovery@fhlbny.com). The sum of the requests for eligible recipients must be equal to or less than the dollar amount of the batch and its component parts. (Example: If a Member requested in its batch \$20,000 for small businesses in New Jersey, it could not then submit a funding request with \$25,000 to those types of recipients.) This process allows the FHLB NY to make accurate calculations about the level of available program funds and inform the membership in a timely manner.

The FHLBNY will then review the submitted Funding Requests within a reasonable amount of time. The FHLBNY will notify the Member via email if a request is approved in full or if there is any deficiency in the request. Deficiencies include missing or incomplete information for one or more recipient; one or more recipients that are deemed ineligible upon review; and incorrect authorization from the submitting Member. Members that are notified of any deficiencies must correct such issues within 7 business days. This could entail removing one or more beneficiaries from the Funding Request if necessary; no funds will be disbursed by the FHLBNY until the Funding Request in full is complete and accurate.

A Member is solely responsible for managing its recipient pipeline to its approved amount of batch funds. A commitment of funds must not be made to a recipient until the Member receives a formal approval from FHLBNY. The FHLBNY has the sole discretion to deny all or any portion of the recipients listed in the Funding Request for any reason, including the lack of funds available under this voluntary grant program. Nothing contained in these Program Guidelines or the Funding Request will be construed as an agreement or commitment on the part of FHLBNY to provide a grant to the Member or the recipient.

At the time a Funding Request is approved, the FHLBNY will deposit grant funds into the Member's Overnight Investment Account at the FHLBNY. If either the Member's full batch is exhausted, or if unused funds in the batch have expired, that Member may request an additional batch of program funds, again to be reviewed on a first-come/first-served basis. Additional batches of funds will be issued based on availability and may be for an amount less than the requested amount. The FHLBNY will update its website, generally on a weekly basis, with the current level of remaining program funds. Members may email [DisasterRecovery@fhlbny.com](mailto:DisasterRecovery@fhlbny.com) for more recent figures.

## Eligible Recipients and Uses of Funds

### Eligible Recipients

A small businesses or non-profit organization ("recipient") is eligible to receive SBRG funds if it meets the following criteria:

1. Its primary place of business or operations is located in New York, New Jersey, Puerto Rico or the U.S. Virgin Islands.
2. It meets the appropriate definition for size:
  - a. Small businesses will be defined according to Small Business Association ("SBA") guidelines. Based on the type of business, size standards will be determined by annual receipts or number of employees. The "Table of Small Business Size Standards" can be found at the following link: <http://www.sba.gov/content/small-business-size-standards>.
  - b. A non-profit organization must have a current 501(c)(3) designation or equivalent and an annual operating budget of less than \$20 million.
3. It has suffered a documented 25% decrease in revenue due to COVID-19, measured by comparing two (2) consecutive years' Federal tax returns (e.g., 2019 vs. 2020), audited year end financials or other

supporting documentation deemed acceptable by the FHLB NY. The Application and Funding Request Form performs this calculation, as shown below.

COVID-19 Revenue Impact Qualification					
Pre-COVID Revenue Period Start Date *	Pre-COVID Annual Revenue 2019 *	Comparison Annual Revenue Period 2020	Comparison Annual Revenue 2020*	% Revenue Decline	Revenue Impact Qualified
1/1/2019	\$ 20,000	1/1/2020	\$ 12,500	37.500%	Yes

- It is currently operating, is supporting its employees while temporarily closed for business, or requires the grant funds to resume operations under a reasonable plan.

The Member must collect, verify and retain all documentation required to demonstrate recipient eligibility. Such documentation may include audited financial statements or tax returns from the years 2019 and 2020, cash-flow statements, point-of sale reports, or other documents to which the Member will certify their accuracy. The Member will report summary information in the Application and Funding Request Form.

Eligible small businesses or non-profit organizations may receive SBRG program funds via only one Member. Each small business owner may receive SBRG program funds for only one small business (even if they own multiple unrelated businesses). Each small business or non-profit recipient may only receive funds once under the COVID-19 SBRG program even if the funding amount was below the \$10,000 per recipient limit. Members must take reasonable measures to ensure that the applicant has not received or applied for the program through another Member or for another business.

## Uses of Funds

A recipient may receive a grant of \$10,000 or less, as determined by the Member. Grant funds may be used for reasonable and necessary expenses incurred or to be incurred as a direct result of COVID-19. Examples of eligible uses of funds include:

- Personnel costs related to COVID-19, including payroll and benefits obligations jeopardized by lost revenue, or hiring temporary staff to cover shortages caused by employees who are ill, may have to quarantine, or stay home to care for family members or children during school closures.
- Equipment to comply with public health measures designed to slow the spread of COVID-19, including safe workplaces, remote work and social distancing.
- Working capital for inventory, equipment, business compliance, licensing renewal, utilities, business capacity, legal, financial services, rent, insurance, business taxes, supplies or most business-related items.
- Payments on existing or new debt so the organization can support its employees and/or its continued operations.

The Funding Request requires the Member to identify the dollar amount of grant funding requested for each recipient, as well as the expected use of funds for each recipient, as shown below.

Grant Details					
Amount Requested *	Funding Type *	Funding Leverage *	Proposed Use of Funds *	Repeat Applicant *	Operational Status *
\$ 10,000	Reimbursement	Other Operational Needs	Health insur. premiums	No	Temporarily Closed

## Program Documents

The following documents can be located on the FHLBNY website under the Community tab:

### COVID-19 Small Business Recovery Grant Program

- SBRG Program Guidelines
- SBRG Member Acknowledgement Form
- SBRG Application and Funding Request Form  
*Note: Supporting documentation will not be collected by the FHLBNY; however, the Member is required to retain supporting documentation on file.*
- SBRG Frequently Asked Questions

All program documents must be submitted to the FHLBNY by an authorized representative of the participating Member via the [DisasterRecovery@FHLBNY.com](mailto:DisasterRecovery@FHLBNY.com) email address. This ensures centralized and consistent recordkeeping and monitoring.

## Withdrawals and Recovery of Funds

If after the receipt of grant funds, a Member receives information that all or some of the grant amount will not be used for the intended purpose by one or more recipients, the Member is required to notify FHLBNY immediately in writing via the [DisasterRecovery@FHLBNY.com](mailto:DisasterRecovery@FHLBNY.com) email address. It is the Member's sole responsibility to recover any misused funds. If the Member is submitting a request for an additional batch of program funds, the total requested amount will be reduced by the amount of misused grant funds. That reduced amount will also be noted as "returned" in the Member's next Application and Funding Request Form, as shown below.

Funding Request Summary		New Requests	Returned Funds	Net Requested
New Jersey	Small Business*	\$ 10,000.00	\$ (10,000.00)	\$ -
	Non-Profits / Tribal Land	\$ 10,000.00	\$ -	\$ 10,000.00
New York	Small Business*	\$ 33,000.00	\$ -	\$ 33,000.00
	Non-Profits / Tribal Land	\$ 10,000.00	\$ -	\$ 10,000.00
Puerto Rico / USVI	Small Business*	\$ -	\$ -	\$ -
	Non-Profits / Tribal Land	\$ -	\$ -	\$ -
All Regions	<b>Totals:</b>	\$ 63,000.00	\$ (10,000.00)	\$ 53,000.00

\* Includes small businesses not located on Tribal Land



In the event the FHLBNY discovers that 1) the recipient does not meet the requirements of the Program Guidelines, or 2) the Member provided false, misleading or incomplete information, the FHLBNY may recover the funds from the Member's Overnight Investment Account.

## **Tax and Other Government Reporting**

The Member shall be solely responsible for any tax or other government reporting obligations with regard to the disbursements of the grant to the eligible recipients.

## **Document Retention Requirements**

All documentation used in making decisions regarding eligibility must be retained by the Member for a period of seven (7) years from the application date.